

AMENDED IN SENATE SEPTEMBER 2, 2003

AMENDED IN SENATE JULY 16, 2003

AMENDED IN SENATE JULY 3, 2003

AMENDED IN ASSEMBLY MAY 23, 2003

AMENDED IN ASSEMBLY MAY 8, 2003

AMENDED IN ASSEMBLY APRIL 24, 2003

AMENDED IN ASSEMBLY APRIL 7, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1627

**Introduced by Assembly Member Frommer
(Coauthor: Assembly Member Matthews)**

February 21, 2003

An act to amend Sections 1971, 2154.2, 2201, and 3516.1 of the Business and Professions Code, to amend Section 92725 of the Education Code, and to amend Sections 124425, 124760, 124765, 127755, 127928, 128040, 128205, 128215, 128235, 128260, 128330, and 128385 of, to add Section 128207 to, and to add Article 11 (commencing with Section 1339.50) to Chapter 2 of Division 2 of, the Health and Safety Code, relating to health facilities care.

LEGISLATIVE COUNSEL'S DIGEST

AB 1627, as amended, Frommer. ~~Payers' Bill of Rights—Health care.~~

~~Under~~

(1) Existing law creates the California Health Manpower Policy Commission, which designates the geographical rural areas within California where unmet priority need for medical services exist.

This bill would change the name of this commission to the California Healthcare Workforce Policy Commission.

(2) Under existing law, the State Department of Health Services regulates the licensure and operation of health facilities, including hospitals. Under existing law, violation of these provisions, or any rule or regulation adopted thereunder, constitutes a misdemeanor.

This bill would establish the Payers' Bill of Rights. The bill would, beginning July 1, 2004, require a hospital, except a small and rural hospital, that uses a charge description master, as defined, to make available for inspection on-site a written or electronic copy to any person upon request, and to take other specified actions in accordance with specified provisions. This bill would also require a hospital to post a notice, as specified, that informs patients that the hospital's charge description master is available upon request pursuant to the specified provisions. ~~The bill would prohibit a hospital from conditioning acceptance of a contract with a health care service plan or health insurer on waiving any provision of the bill.~~

This bill would require each hospital to compile a list of the charges for 25 services or procedures commonly charged to patients and, beginning July 1, 2004, make this list available to any person upon request.

This bill would authorize any person to file a claim with the department alleging violation of ~~the bill~~ these provisions, and would require the department to investigate and inform the complaining person of its determination whether a violation has occurred and what action it will take.

This bill would also require, beginning July 1, 2004, that each hospital file a copy of its charge description master and other information with the Office of Statewide Health Planning and Development, and would impose related reporting requirements.

~~The bill would prohibit a hospital from conditioning acceptance of a contract with a health care service plan or health insurer on waiving any of the foregoing provisions.~~

By imposing new requirements on hospitals, this bill would create new crimes, thereby imposing a state-mandated local program.

~~The~~

(3) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. *Section 1971 of the Business and Professions Code is amended to read:*

1971. For the purposes of this article, the following terms have the following meanings:

(a) “Board” means the Dental Board of California.

(b) “Office” means the Office of Statewide Health Planning and Development.

(c) “Program” means the California Dental Corps Loan Repayment Program.

(d) “Dentally underserved area” means a geographic area eligible to be designated as having a shortage of dental professionals pursuant to Part I of Appendix B to Part 5 of Chapter 1 of Title 42 of the Code of Federal Regulations or an area of the state where unmet priority needs for dentists exist as determined by the ~~Health Manpower~~ *California Healthcare Workforce* Policy Commission pursuant to Section 128224 of the Health and Safety Code.

(e) “Dentally underserved population” means persons without dental insurance and persons eligible for the Denti-Cal and Healthy Families Programs who are population groups described as having a shortage of dental care professionals in Part I of Appendix B to Part 5 of Chapter 1 of Title 42 of the Code of Federal Regulations.

(f) “Practice setting” means *either of the following*:

(1) A community clinic, as defined in subdivision (a) of Section 1204 and subdivision (c) of Section 1206 of the Health and Safety Code, a clinic owned or operated by a public hospital and health system, or a clinic owned and operated by a hospital that maintains the primary contract with a county government to fulfill

1 the county's role pursuant to Section 17000 of the Welfare and
2 Institutions Code, which is located in a dentally underserved area
3 and at least 50 percent of whose patients are from a dentally
4 underserved population; ~~or.~~

5 (2) A dental practice or dental corporation, as defined in
6 Section 1800 of this code, located in a dentally underserved area
7 and at least 50 percent of whose patients are from a dentally
8 underserved population.

9 (g) "Medi-Cal threshold languages" means primary languages
10 spoken by ~~limited-English-proficient~~ *limited-English-proficient*
11 (LEP) population groups meeting a numeric threshold of 3,000,
12 eligible LEP Medi-Cal beneficiaries residing in a county, 1,000
13 Medi-Cal eligible LEP beneficiaries residing in a single ZIP Code,
14 or 1,500 LEP Medi-Cal beneficiaries residing in two contiguous
15 ZIP Codes.

16 (h) "Fund" means the ~~Community Healthcare Service~~
17 ~~Expansion State Dentistry~~ Fund.

18 (i) "Account" means the Dentally Underserved Account
19 which is contained within the fund.

20 *SEC. 2. Section 2154.2 of the Business and Professions Code*
21 *is amended to read:*

22 2154.2. For the purposes of this article, the following terms
23 have the following meanings:

24 (a) "Division" means the Division of Licensing.

25 (b) "Office" means the Office of Statewide Health Planning
26 and Development (OSHPD).

27 (c) "Program" means the California Physician Corps Loan
28 Repayment Program.

29 (d) "Medically underserved area" means an area as defined in
30 Part 5 of Chapter 1 of Title 42 of the Code of Federal Regulations
31 or an area of the state where unmet priority needs for physicians
32 exist as determined by the ~~Health Manpower~~ *California*
33 *Healthcare Workforce* Policy Commission pursuant to Section
34 128225 of the Health and Safety Code.

35 (e) "Medically underserved population" means the Medi-Cal,
36 Healthy Families, and uninsured populations.

37 (f) "Practice setting" means *either of the following*:

38 (1) A community clinic as defined in subdivision (a) of Section
39 1204 and subdivision (c) of Section 1206 of the Health and Safety
40 Code, a clinic owned or operated by a public hospital and health

1 system, or a clinic owned and operated by a hospital that maintains
2 the primary contract with a county government to fulfill the
3 county's role pursuant to Section 17000 of the Welfare and
4 Institutions Code, which is located in a medically underserved area
5 and at least 50 percent of whose patients are from a medically
6 underserved population.

7 (2) A medical practice located in a medically underserved area
8 and at least 50 percent of whose patients are from a medically
9 underserved population.

10 (g) "Primary specialty" means family practice, internal
11 medicine, pediatrics, or obstetrics/gynecology.

12 (h) "Medi-Cal threshold languages" means primary languages
13 spoken by ~~limited-English-proficient~~ *limited-English-proficient*
14 (LEP) population groups meeting a numeric threshold of 3,000,
15 eligible LEP Medi-Cal beneficiaries residing in a county, 1,000
16 Medi-Cal eligible LEP beneficiaries residing in a single ZIP Code,
17 or 1,500 LEP Medi-Cal beneficiaries residing in two contiguous
18 ZIP Codes.

19 (i) "Fund" means the ~~Community Healthcare Services~~
20 ~~Expansion Fund~~ *Contingent Fund of the Medical Board of*
21 *California*.

22 (j) "Account" means the Medically Underserved Account
23 which is contained within the fund.

24 SEC. 3. Section 2201 of the Business and Professions Code is
25 amended to read:

26 2201. For the purposes of this article:

27 (a) "Commission" means the California ~~Health Manpower~~
28 *Healthcare Workforce Policy Commission*.

29 (b) "Division" means the Division of Licensing of the Medical
30 Board of California.

31 (c) "Practice of medicine" or "medical practice" means all
32 activities authorized by a physician's and surgeon's certificate,
33 except activities performed in the course of employment as a
34 public health officer, as a medical school faculty member where
35 teaching time is more than 25 percent of the working day, or as a
36 resident or first-year postgraduate trainee.

37 (d) "Primary care services" means those medical services
38 involving the specialties of general practice, family practice,
39 general internal medicine, obstetrics, gynecology, and general
40 pediatrics.

1 *SEC. 4. Section 3516.1 of the Business and Professions Code*
2 *is amended to read:*

3 3516.1. (a) (1) Notwithstanding any other provision of law,
4 a physician who provides services in a medically underserved area
5 may supervise not more than four physician assistants at any one
6 time.

7 (2) As used in this section, “medically underserved area”
8 means a “health professional(s) shortage area” (HPSA) as defined
9 in Part 5 (commencing with Section 5.1) of Chapter 1 of Title 42
10 of the Code of Federal Regulations or an area of the state where
11 unmet priority needs for physicians exist as determined by the
12 California—~~Health Manpower~~ *Healthcare Workforce* Policy
13 Commission pursuant to Section 128225 of the Health and Safety
14 Code.

15 (b) This section shall become inoperative on July 1, 2007, and,
16 as of January 1, 2008, is repealed, unless a later enacted statute that
17 is enacted before January 1, 2008, deletes or extends the dates on
18 which it becomes inoperative and is repealed.

19 *SEC. 5. Section 92725 of the Education Code is amended to*
20 *read:*

21 92725. (a) The program shall be considered successful if,
22 after implementation of the program, all of the following occur:

23 (1) There is a 10 percent or greater increase in the rate of
24 program graduates who choose to practice primary care over the
25 average number of program graduates who chose to practice
26 primary care during the previous five years.

27 (2) There is a decrease in the use of emergency room facilities
28 for nonemergency procedures by persons served by the program
29 from the use of emergency room facilities for nonemergency
30 procedures during the previous five years.

31 (3) Families served by the program have received expanded
32 health services without an increase in per capita health costs.

33 (b) Based on the evaluation of the program by the university
34 pursuant to Section 92724, the Office of Statewide Health
35 Planning and Development, in consultation with the—~~Health~~
36 ~~Manpower~~ *California Healthcare Workforce* Policy Commission,
37 shall recommend to the Legislature on or before January 1, 1998,
38 whether funding for the program should be expanded to include
39 other medical schools.

(c) If the recommendation is made to expand the program pursuant to subdivision (b), it is the intent of the Legislature that the program be expanded to allow private medical schools and private schools of nursing to participate in the program in order to permit substantially all students who are training to become physicians and surgeons, nurse practitioners, or physician assistants to receive a portion of their training in a community-based education program.

SEC. 6. Article 11 (commencing with Section 1339.50) is added to Chapter 2 of Division 2 of the Health and Safety Code, to read:

Article 11. Payers' Bill of Rights

1339.50. This article shall be known and may be cited as the Payers' Bill of Rights.

1339.51. (a) ~~A-(1) Beginning July 1, 2004, a hospital, as defined in subdivision (a), (b), or (f) of Section 1250, that uses a charge description master shall paragraph (2) of subdivision (b), shall make available for inspection onsite a written or electronic copy to any person upon request, segregated by types of services provided. If the hospital has an Internet Web site on which it posts its charge description masters, it may comply with this section by providing the requester with the Internet Web site address. This posting shall be in a format that can be downloaded. make a written or electronic copy of its charge description master available, either by posting an electronic copy of the charge description master on the hospital's Internet Web site, or by making one written or electronic copy available at the hospital location.~~

(2) A small and rural hospital, as defined in Section 124840, shall be exempt from paragraph (1).

(b) For purposes of this article, ~~charge~~ the following definitions shall apply:

(1) "Charge description master" means a uniform schedule of charges represented by the hospital as its gross billed charge for a given service or item, regardless of payer type.

~~(c) For purposes of this article, "office"~~

(2) "Hospital" means a hospital, as defined in subdivision (a), (b), or (f) of Section 1250, that uses a charge description master.

1 (3) “Office” means the Office of Statewide Health Planning
2 and Development.

3 ~~(d)~~

4 (c) The hospital shall post a clear and conspicuous notice in its
5 emergency department, if any, in its admissions office, and in its
6 billing office that informs patients that the hospital’s charge
7 description master is available ~~upon request~~ *in the manner*
8 *described in subdivision (a).*

9 ~~(e)~~

10 (d) Any information about charges provided pursuant to
11 subdivision (a) shall include information about *where to obtain*
12 *information regarding* hospital quality, including hospital
13 outcome studies available from the office and hospital survey
14 information available from the Joint Commission for
15 Accreditation of Healthcare Organizations.

16 1339.52. A hospital may not condition acceptance of a
17 contract with a health care service plan or health insurer upon the
18 health care service plan or health insurer waiving any provision of
19 this article.

20 1339.54. Any person may file a claim with the department
21 alleging a violation of this article. The department shall investigate
22 and inform the complaining person of its determination whether
23 a violation has occurred and what action it will take.

24 1339.55. (a) ~~Each~~ *Beginning July 1, 2004, each* hospital
25 shall file a copy of its charge description master annually with the
26 office, in a format determined by the office.

27 (b) Each hospital shall calculate an estimate of the percentage
28 increase in the hospital’s gross revenue due to any price increase
29 for charges for patient services during the 12-month period
30 beginning with the effective date of the charge description master
31 filed with the office. ~~The office shall~~ *Each hospital shall file the*
32 *calculation and supporting documentation with the office, in a*
33 *form prescribed by the office, at the time that the charge*
34 *description master is filed. The office may compile and publish this*
35 *information on its Internet Web site.*

36 ~~1339.56. The office shall develop a list of 25 goods, services,~~
37 ~~or procedures most commonly charged to patients. Each hospital~~
38 ~~shall make a list of charges for these goods, services, or procedures~~
39 ~~available to any person upon request. The hospital shall file this list~~

~~with the office. The office shall make available on its Web site a summary of each hospital's charges.~~

1339.56. *Each hospital shall compile a list of the charges for 25 services or procedures commonly charged to patients. Beginning July 1, 2004, each hospital shall make this list available to any person upon request. Each hospital shall file this list annually with the office, in a form prescribed by the office, along with the charge description master. After reviewing hospital filings, the office may develop a uniform reporting form for the 25 services or procedures most commonly charged to patients, may require hospitals to file this form with the office in a form prescribed by the office, and may require hospitals to provide patients with the charges for these 25 services or procedures.*

1339.57. ~~The office shall~~ may compile a list of the 10 most common Medicare diagnostic related groups (DRGs) and the average charge for each of these DRGs per hospital. The office ~~shall~~ may publish this information on its Internet Web site.

1339.58. Any information provided by the office on its Internet Web site pursuant to Section 1339.56 or 1339.57 ~~shall~~ may inform persons where quality of care information about hospitals may be obtained, including hospital outcome studies available from the office and hospital survey information available from the Joint Commission for Accreditation of Healthcare Organizations.

1339.59. A hospital shall be in violation of this article if it knowingly or negligently fails to comply with the requirements of this article.

~~SEC. 2.—~~

SEC. 7. Section 124425 of the Health and Safety Code is amended to read:

124425. (a) It is the intent of the Legislature that funds authorized by the Primary Care Services Act (Section 27) be provided to organizations and agencies that are located in underserved areas or that are serving population groups identified pursuant to subdivision (b).

(b) Every two years the director shall develop a list of underserved rural and urban areas and underserved population groups. The director shall take into consideration the list of urban and rural areas designated as medically underserved by the California ~~Health Manpower~~ *Healthcare Workforce* Policy

1 Commission and by the office and federal medically underserved
2 areas and population groups designated by federal agencies.

3 (c) The director shall develop the list of underserved rural and
4 urban areas and underserved population groups, set forth in
5 subdivision (b), after consulting and receiving written
6 recommendations from the Primary Care Clinics Advisory
7 Committee and after consulting with appropriate groups and
8 individuals, including individuals representing underserved
9 populations and local government.

10 *SEC. 8. Section 124760 of the Health and Safety Code is*
11 *amended to read:*

12 124760. The ~~Health Manpower~~ *California Healthcare*
13 *Workforce* Policy Commission shall establish a plan that integrates
14 family practice residencies and other health sciences education
15 programs established in rural areas pursuant to Article 8
16 (commencing with Section 31910) of Chapter 5 of Division 5 of
17 Division 22 of the Education Code with the health services
18 provided pursuant to Article 3 (commencing with Section
19 124700).

20 *SEC. 9. Section 124765 of the Health and Safety Code is*
21 *amended to read:*

22 124765. The ~~Health Manpower~~ *California Healthcare*
23 *Workforce* Policy Commission, in coordination with the Rural
24 Health Section of the department, shall designate the geographical
25 rural areas within California where unmet priority need for
26 medical services exists.

27 *SEC. 10. Section 127755 of the Health and Safety Code is*
28 *amended to read:*

29 127755. The office shall consult with the ~~Health Manpower~~
30 *California Healthcare Workforce* Policy Commission, health
31 systems agencies, and other appropriate organizations in the
32 preparation of this plan.

33 *SEC. 11. Section 127928 of the Health and Safety Code is*
34 *amended to read:*

35 127928. For purposes of this part, the following terms have
36 the following meanings:

37 (a) “Program” means the California Medical and Dental
38 Student Loan Repayment Program of 2002.

39 (b) (1) “Medically underserved area” means an area as
40 defined in Part 5 of Chapter 1 of Title 42 of the Code of Federal

1 Regulations or an area of the state where unmet priority needs for
2 physicians exists as determined by the ~~Health Manpower~~
3 *California Healthcare Workforce* Policy Commission pursuant to
4 Section 128225 of the Health and Safety Code.

5 (2) “Dentally underserved area” means a geographic area
6 eligible to be designated as having a shortage of dental
7 professionals pursuant to Part I of Appendix B to Part 5 of Chapter
8 1 of Title 42 of the Code of Federal Regulations or an area of the
9 state where unmet priority needs for dentists exist as determined
10 by the ~~Health Manpower~~ *California Healthcare Workforce* Policy
11 Commission pursuant to Section 128224 of the Health and Safety
12 Code.

13 (c) (1) “Medically underserved population” means the
14 Medi-Cal, Healthy Families and uninsured population.

15 (2) “Dentally underserved population” means persons without
16 dental insurance and persons eligible for the Denti-Cal and
17 Healthy Families Programs who are population groups described
18 as having a shortage of dental care professionals in Part I of
19 Appendix B to Part 5 of Chapter 1 of Title 42 of the Code of Federal
20 Regulations.

21 (d) “Medi-Cal threshold languages” means primary languages
22 spoken by ~~limited-English-proficient~~ *limited-English-proficient*
23 (LEP) population groups meeting a numeric threshold of 3,000
24 eligible LEP Medi-Cal beneficiaries residing in a county, 1,000
25 Medi-Cal eligible LEP beneficiaries residing in a single ZIP Code,
26 or 1,500 LEP Medi-Cal beneficiaries residing in two contiguous
27 ZIP Codes.

28 (e) “Office” means the Office of Statewide Health Planning
29 and Development.

30 *SEC. 12. Section 128040 of the Health and Safety Code is*
31 *amended to read:*

32 128040. (a) The Office of Statewide Health Planning and
33 Development shall report to the Legislature on or before June 30,
34 2002, on the feasibility of establishing a California dental loan
35 forgiveness program utilizing the same general guidelines
36 applicable to the federal National Health Service Corps State Loan
37 Repayment Program (42 U.S.C.A. Sec. 254q-1; 42 C.F.R., Part 62,
38 Subpart C (commencing with Section 62.51)), except as follows:

(1) A dentist shall be eligible to participate in the loan forgiveness program if he or she provides full-time or half-time dental services in either of the following:

(A) A dental health professional shortage area (DHPSA), established pursuant to Section 254e(a) of Title 42 of the United States Code.

(B) An area of the state where unmet priority needs for dentists exist as determined by the ~~Health Manpower~~ *California Healthcare Workforce* Policy Commission pursuant to Section 128225.

(2) Matching funds to repay a portion of the dentist's outstanding loan amount shall be required from the practice site areas or from other private nonprofit sources.

(3) A qualifying practice site shall include a private dental practice.

(b) (1) The report required under subdivision (a) shall include all of the following:

(A) A projection of the dentist-to-population ratio for California in the next decade.

(B) A determination of the future need for dentists and dental care in underserved communities. The office shall work collaboratively with organizations that represent providers of dental services to underserved communities in making this determination.

(C) A report on the utilization by dentists of tuition loan repayment programs at the federal and state level and identify the barriers to full utilization of these loan repayment programs.

(D) A report on the projected cost increase of dental school education at public and private postsecondary educational institutions.

(E) A report on the implications of administering an additional program, including a cost analysis.

(2) The report also shall include recommendations on whether a program described in subdivision (a) should be established and, if so, suggested funding sources. In making its recommendations, the office shall consider the impact of the program on access to dental services in areas of the state that currently have a shortage of dentists.

SEC. 13. Section 128205 of the Health and Safety Code is amended to read:

1 128205. As used in this article, and Article 2 (commencing
2 with Section 128250), the following terms mean:

3 (a) “Family physician” means a primary care physician who
4 is prepared to and renders continued comprehensive and
5 preventative health care services to families and who has received
6 specialized training in an approved family practice residency for
7 three years after graduation from an accredited medical school.

8 (b) “Associated” and “affiliated” mean that relationship that
9 exists by virtue of a formal written agreement between a hospital
10 or other health care delivery system and an approved medical
11 school which pertains to the family practice training program for
12 which state contract funds are sought. This definition shall include
13 agreements that may be entered into subsequent to October 2,
14 1973, as well as those relevant agreements that are in existence
15 prior to October 2, 1973.

16 (c) “Commission” means the ~~Health Manpower~~ *California*
17 *Healthcare Workforce Policy Commission*.

18 (d) “Programs that train primary care physician’s assistants”
19 means a program that has been approved for the training of
20 primary care physician assistants pursuant to Section 3513 of the
21 Business and Professions Code.

22 (e) “Programs that train primary care nurse practitioners”
23 means a program that is operated by a California school of
24 medicine or nursing, or that is authorized by the Regents of the
25 University of California or by the Trustees of the California State
26 University, or that is approved by the Board of Registered Nursing.

27 *SEC. 14. Section 128207 is added to the Health and Safety*
28 *Code, to read:*

29 *128207. Any reference in any code to the Health Manpower*
30 *Policy Commission is deemed a reference to the California*
31 *Healthcare Workforce Policy Commission.*

32 *SEC. 15. Section 128215 of the Health and Safety Code is*
33 *amended to read:*

34 128215. There is hereby created a ~~Health Manpower~~
35 *California Healthcare Workforce Policy Commission*. The
36 commission shall be composed of 10 members who shall serve at
37 the pleasure of their appointing authorities:

38 (a) Eight members appointed by the Governor, as follows:

(1) One representative of the University of California medical schools, from a nominee or nominees submitted by the University of California.

(2) One representative of the private medical or osteopathic schools accredited in California from individuals nominated by each of these schools.

(3) One representative of practicing family physicians.

(4) One representative who is a practicing osteopathic physician or surgeon and who is board certified in either general or family practice.

(5) One representative of undergraduate medical students in a family practice program or residence in family practice training.

(6) One representative of trainees in a primary care physician's assistant program or a practicing physician's assistant.

(7) One representative of trainees in a primary care nurse practitioners program or a practicing nurse practitioner.

(8) One representative of the Office of Statewide Health Planning and Development, from nominees submitted by the office director.

(b) Two consumer representatives of the public who are not elected or appointed public officials, one appointed by the Speaker of the Assembly and one appointed by the Chairperson of the ~~Senate Rules Committee~~ *Senate Committee on Rules*.

(c) The Chief of the Health Professions Development Program in the Office of Statewide Health Planning and Development, or the chief's designee, shall serve as executive secretary for the commission.

SEC. 16. Section 128235 of the Health and Safety Code is amended to read:

128235. Pursuant to this article and Article 2 (commencing with Section 128250), the Director of the Office of Statewide Health Planning and Development shall do all of the following:

(a) Determine whether family practice, primary care physician assistant training ~~programs~~ *program* proposals, and primary care nurse practitioner training program proposals submitted to the ~~Health Manpower~~ *California Healthcare Workforce* Policy Commission for participation in the state medical contract program established by this article and Article 2 (commencing with Section 128250) meet the standards established by the commission.

(b) Select and contract on behalf of the state with accredited medical schools, programs that train primary care physician assistants, programs that train primary care nurse practitioners, hospitals, and other health care delivery systems for the purpose of training undergraduate medical students and residents in the specialty of family practice. Contracts shall be awarded to those institutions that best demonstrate the ability to provide quality education and training and to retain students and residents in specific areas of California where there is a recognized unmet priority need for primary care family physicians. Contracts shall be based upon the recommendations of the commission and in conformity with the contract criteria and program standards established by the commission.

(c) Terminate, upon 30 days' written notice, the contract of any institution whose program does not meet the standards established by the commission or that otherwise does not maintain proper compliance with this part, except as otherwise provided in contracts entered into by the director pursuant to this article and Article 2 (commencing with Section 128250).

SEC. 17. Section 128260 of the Health and Safety Code is amended to read:

128260. As used in this article, unless the context otherwise requires, the following definitions shall apply:

(a) "Commission" means the ~~Health Manpower~~ *California Healthcare Workforce* Policy Commission.

(b) "Director" means the Director of Statewide Health Planning and Development.

(c) "Medically underserved designated shortage area" means any of the following:

(1) An area designated by the commission as a critical health manpower shortage area.

(2) A medically underserved area, as designated by the United States Department of Health and Human Services.

(3) A critical manpower shortage area, as defined by the United States Department of Health and Human Services.

(d) "Primary care physician" means a physician who has the responsibility for providing initial and primary care to patients, for maintaining the continuity of patient care, and for initiating referral for care by other specialists. A primary care physician shall be a board-certified or board-eligible general internist,

1 general pediatrician, general obstetrician-gynecologist, or family
2 physician.

3 *SEC. 18. Section 128330 of the Health and Safety Code is*
4 *amended to read:*

5 128330. As used in this article:

6 (a) “Board” means the Board of Trustees of the Health
7 Professions Education Foundation.

8 (b) “Commission” means the ~~Health Manpower~~ *California*
9 *Healthcare Workforce* Policy Commission.

10 (c) “Director” means the Director of the Office of Statewide
11 Health Planning and Development.

12 (d) “Foundation” means the Health Professions Education
13 Foundation.

14 (e) “Health professions” or “health professionals” means
15 physicians and surgeons licensed pursuant to Chapter 5
16 (commencing with Section 2000) of Division 2 of the Business and
17 Professions Code, dentists, registered nurses, and other health
18 professionals determined by the office to be needed in medically
19 underserved areas.

20 (f) “Office” means the Office of Statewide Health Planning
21 and Development.

22 (g) “Underrepresented groups” means African-Americans,
23 ~~American-Indians~~ *Native Americans*, Hispanic-Americans, or
24 other persons underrepresented in medicine, dentistry, nursing, or
25 other health professions as determined by the board. After January
26 1, 1990, the board, upon a finding that the action is necessary to
27 meet the health care needs of medically underserved areas, may
28 add a group comprising the economically disadvantaged to those
29 groups authorized to receive assistance under this article.

30 *SEC. 19. Section 128385 of the Health and Safety Code is*
31 *amended to read:*

32 128385. (a) There is hereby created the Registered Nurse
33 Education Program within the Health Professions Education
34 Foundation. Persons participating in this program shall be persons
35 who agree in writing prior to graduation to serve in an eligible
36 county health facility, an eligible state-operated health facility, or
37 a health manpower shortage area, as designated by the director of
38 the office. Persons agreeing to serve in eligible county health
39 facilities, eligible state-operated health facilities, or health
40 manpower shortage areas may apply for scholarship or loan

1 repayment. The Registered Nurse Education Program shall be
2 administered in accordance with Article 1 (commencing with
3 Section 128330), except that all funds in the Registered Nurse
4 Education Fund shall be used only for the purpose of promoting
5 the education of registered nurses and related administrative costs.
6 The Health Professions Education Foundation shall make
7 recommendations to the director of the office concerning both of
8 the following:

9 (1) A standard contractual agreement to be signed by the
10 director and any student who has received an award to work in an
11 eligible county health facility, an eligible state-operated health
12 facility, or in a health manpower shortage area that would require
13 a period of obligated professional service in the areas of California
14 designated by the ~~Health Manpower~~ *California Healthcare*
15 *Workforce* Policy Commission as deficient in primary care
16 services. The obligated professional service shall be in direct
17 patient care. The agreement shall include a clause entitling the
18 state to recover the funds awarded plus the maximum allowable
19 interest for failure to begin or complete the service obligation.

20 (2) Maximum allowable amounts for scholarships, educational
21 loans, and loan repayment programs in order to assure the most
22 effective use of these funds.

23 (b) Applicants may be persons licensed as registered nurses or
24 graduates of associate degree nursing programs prior to entering
25 a program granting a baccalaureate of science degree in nursing.
26 Priority shall be given to applicants who hold associate degrees in
27 nursing.

28 (c) Not more than 5 percent of the funds available under the
29 Registered Nurse Education Program shall be available for a pilot
30 project designed to test whether it is possible to encourage
31 articulation from associate degree nursing programs to
32 baccalaureate of science degree nursing programs. Persons who
33 otherwise meet the standards of subdivision (a) shall be eligible for
34 educational loans when they are enrolled in associate degree
35 nursing programs. If these persons complete a baccalaureate of
36 science degree nursing program in California within five years of
37 obtaining an associate degree in nursing and meet the standards of
38 this article, these loans shall be completely forgiven.

39 (d) As used in this section, "eligible county health facility"
40 means a county health facility that has been determined by the

1 office to have a nursing vacancy rate greater than noncounty health
2 facilities located in the same health facility planning area.

3 (e) As used in this section, “eligible state-operated health
4 facility” means a state-operated health facility that has been
5 determined by the office to have a nursing vacancy rate greater
6 than noncounty health facilities located in the same health facility
7 planning area.

8 *SEC. 20.* No reimbursement is required by this act pursuant
9 to Section 6 of Article XIII B of the California Constitution
10 because the only costs that may be incurred by a local agency or
11 school district will be incurred because this act creates a new crime
12 or infraction, eliminates a crime or infraction, or changes the
13 penalty for a crime or infraction, within the meaning of Section
14 17556 of the Government Code, or changes the definition of a
15 crime within the meaning of Section 6 of Article XIII B of the
16 California Constitution.

